THE MINISTER OF STATE IN THE MINISTRY OF CONSUMER AFFAIRS, FOOD AND PUBLIC DISTRIBUTION (SHRI TASLIMUDDIN): (a) and (b) Increase in domestic price rise has been mainly due to inflation in some food articles mainly rice, tur dal and edible oils witnessed globally due to inadequate supplies in relation to demand, diversion of food grains to bio-fuel and animal feed and, production losses due to inclement weather conditions. Some Increase in prices of some food articles such as rice and pulses in the country is also on account of hike in Minimum Support Price (MSP), bonus and decline in domestic production. Government is closely monitoring movement in prices of essential commodities such as wheat, pulses & edible oil and has responded by taking a series of measures such as (i) augmentation of availability of wheat through imports and banning export of wheat; (ii) protecting vulnerable sections of society through Targeted Public Distribution System (TPDS) and Antodaya Anna Yojana (AAY); (iii) reduction in Customs duty on import of pulses to zero; (iv) banning export of pulses; (v) initiating imports of pulses through the State agencies such as NAFED, PEC Ltd., MMTC and STC; (vi) directing Public Sector Undertakings (PSUs) to import edible oils and to augment edible oils availability in the domestic market; (vii) reducing import duty on crude sunflower oil, crude palm oil (CPO) and Soya oils; (viii) as a matter of abundant caution, delisted all contracts of wheat, rice, tur and urad from commodity futures Exchanges.

(c) and (d) As per the GDP estimates at constant prices (base 1999-2000) released by the Central Statistical Organisation (CSO), the growth rate in GDP of trade sector as a whole has been estimated at 8.1 % during the year 2005-06. Separate official estimates of rate growth of the share of retail sector and organized retail in GDP are not available. No studies have been conducted by the Government to assess whether the increase in organized retail trading added momentum to the price rise.

Rise in prices of essential commodities

838. SHRI SITARAM YECHURY:
SHRI C. RAMACHANDRAIAH:
SHRI MAT1 SUPRTYA SULE:

Will the Minister of CONSUMER AFFAIRS, FOOD AND PUBLIC DISTRIBUTION be pleased to state:

(a) whether the recent past saw a continuous rise in price of essential commodities;

(b) if so, the reason therefor and the details thereof in comparison to the price of essential commodities from May, 2004 to January, 2008;

(c) the steps initiated by Government to control the price rise and also to affect the impact of price on consumers;

(d) whether Government is considering to strengthen the PDS system and expand it in the view of steep price hike; and

(e) if not, the reasons therefor?

THE MINISTER OF STATE IN THE MINISTRY OF CONSUMER AFFAIRS, FOOD AND PUBLIC DISTRIBUTION (SHRI TASLIMUDDIN): (a) There has been no continuous increase in Prices of essential commodities. While comparing the prices of essential commodities from May, 2004 to January, 2008 for 4 Metros, it has been observed that retail prices of sugar had

been declining from mid 2006, and after a brief spurt in mid 2007 they again declined. Retail prices of gram dal, sugar, potato and onion are also showing a declining trend. In Delhi, retail prices of wheat, which was steady at Rs. 12 per kg for the last one year, has now shown a marginal increase of Rs. 1 per kg since mid of January 2008. Retail prices of gram dal which reached to peak level of Rs. 42.50 per kg during September 2006 have now declined to Rs. 34 per kg. Retail prices of potato, which reached to peak level of Rs. 17 per kg during October 2006, are now quoted at Rs. 8 per kg. Retail prices of onion which reached to peak level of Rs. 23 per kg during September 2007 have declined to Rs. 8 per kg. Retail prices of tur dal have stabilized at Rs. 41 per kg. Retail prices of ground nut oil and vanaspati oil has been stabilized at Rs. 121 per kg and Rs. 68 per kg since mid of October 2007 and December 2007 respectively. Only retail prices of mustard oil show an upward trend during 2007 and are currently Rs. 69 per kg, mainly due to reports of crop damage by cold waves in Rajasthan and other States. Retail prices of Rice, which were earlier showing steady trend around Rs. 15 per kg since the beginning of 2007, are now showing a firm trend since December 2007 and is now Rs. 18 per kg mainly owing to a hike in MSP and bonus declared by the Government.

(b) Price rise in some food articles mainly rice, tur dal and edible oils is witnessed mainly due to inadequate suplies in relation to demand, diversion of foodgrains to bio-fuel and animal feed, production losses due to inclement weather conditions and food-inflation in international markets. The prices of essential commodiities from May 2004 to January 2008 are given in the Annexure.

[See Appendix 213 Annexure No. 3]

(c) The Government has taken a number of steps to control the price rise and to soften the impact of price rise on consumers. The important steps taken are given below.

(i) To augment availability of wheat Public Sector Agencies STC, MMTC, BEC are in the process of importing 23.0 lakh Mts) (+/-5%) during 2007-08. About 18.0 lakh tonnes of wheat have been contracted and almost the entire quantity has arrived in India as of 27.02.2008. Period of validity of import of wheat at zero duty was extended from 31.12.06 to 28.2.2007 and further to 31.12.07. It is now extended until further orders.

(ii) Export of wheat has been banned *w.e.f.* 09.02.2007. The ban will remain inforce up to 31.12.2007. The ban is now extended until further orders.

(iii) In order to maximize procurement of wheat and paddy, the Government has been increasing MSPs and announcing bonuses in the last 5 years. The Government has on 9.10.2007 made a decision to fix the MSP of wheat for crop year 2007-08 (to be marketed in RMS 2008-09) at Rs. 1000 per quintal. It also approved an incentive bonus of Rs. 100 per quintal during the Kharif Marketing Season 2007-08 for Paddy. Similarly, the export of non-basmati rice below Minimum Export Price of $5000 per MT has been banned by the Government.

(iv) Government has protected vulnerable sections of society through Targeted Public Distribution System (TPDS) and Antodaya Anna Yojna (AAY). Under the TPDS, wheat, rice, sugar and kerosene oils are allocated to State Governments for distribution through the Fair Price Shops. The offtake of wheat and rice under